Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2008

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Auditors' Report

To the Members of
Maritime Provinces Higher Education Commission

We have audited the balance sheet of **Maritime Provinces Higher Education Commission** (the "Commission") as at March 31, 2008 and the statements of committed funds, revenue and expenditures – grants and revenue and expenditures – administration for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

Maritime Provinces Higher Education Commission

Balance Sheet

As at March 31, 2008

	2008 $	2007 $
Assets		
Cash	1,495,812	3,402,306
Prepaid expenses	118,642	146,941
Amounts due from		
Government of Canada	18,461,579	12,928,327
New Brunswick	20,172,918	16,921,858
Newfoundland	–	204,000
Nova Scotia	133,083	123,369
Prince Edward Island	805,403	35,614
Other receivables	171,902	126,521
	41,359,339	33,888,936
Liabilities		
Accounts payable and accrued liabilities	56,134	32,275
Amount due to the Council of Atlantic Premiers	6,518	6,999
Amounts payable to institutions		
Operating grants	3,489,986	3,905,869
Capital grants	3,710,468	2,265,764
Other	17,445,299	13,794,444
	24,645,753	19,966,077
Deferred revenue	246,544	309,109
	24,954,949	20,314,460
Committed Funds		
Operating grants	12,332,330	10,065,092
Capital grants	4,072,060	3,509,384
	16,404,390	13,574,476
	41,359,339	33,888,936

Commitments (note 5)

Approved by the Board of Directors

_____ Director

_____ Director

Maritime Provinces Higher Education Commission

Statement of Committed Funds

For the year ended March 31, 2008

	New Brunswick $	Nova Scotia $	Prince Edward Island $	Other $	2008 Total $	2007 Total $
Operating grants						
Balance – Beginning of year	8,640,364	149,514	1,272,714	2,500	10,065,092	10,033,054
Excess of revenue over expenditures (expenditures over revenue) for the year	2,251,331	(6,054)	109,004	–	2,354,281	514,323
Transfer to capital	–	–	(47,043)	–	(47,043)	(442,285)
Transfer to administration	(40,000)	–	–	–	(40,000)	(40,000)
Balance – End of year	10,851,695	143,460	1,334,675	2,500	12,332,330	10,065,092
Capital grants						
Balance – Beginning of year	3,179,927	–	329,457	–	3,509,384	5,912,282
Excess of revenue over expenditures (expenditures over revenue) for the year	892,133	–	(376,500)	–	515,633	(2,845,183)
Transfer from operating	–	–	47,043	–	47,043	442,285
Balance – End of year	4,072,060	–	–	–	4,072,060	3,509,384
Commitments outstanding – End of year	14,923,755	143,460	1,334,675	2,500	16,404,390	13,574,476

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Grants

For the year ended March 31, 2008

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Operating grants										
Revenue										
Grants										
Unrestricted	245,923,590	204,226,279	133,083	123,369	42,075,481	38,071,493	–	–	288,132,154	242,421,141
Restricted	8,852,551	8,565,815	–	–	1,334,700	939,057	–	–	10,187,251	9,504,872
Other	–	–	–	–	–	–	6,840,207	7,603,889	6,840,207	7,603,889
	254,776,141	212,792,094	133,083	123,369	43,410,181	39,010,550	6,840,207	7,603,889	305,159,612	259,529,902
Expenditures										
Grants										
Unrestricted (Schedule A)	244,492,515	204,436,160	139,137	123,369	42,113,125	38,001,386	–	–	286,744,777	242,560,915
Restricted (Schedule B)	8,032,295	7,722,319	–	–	1,188,052	1,128,456	–	–	9,220,347	8,850,775
Other (note 2)	–	–	–	–	–	–	6,840,207	7,603,889	6,840,207	7,603,889
	252,524,810	212,158,479	139,137	123,369	43,301,177	39,129,842	6,840,207	7,603,889	302,805,331	259,015,579
Excess of revenue over expenditures (expenditures over revenue) for the year	2,251,331	633,615	(6,054)	–	109,004	(119,292)	–	–	2,354,281	514,323
Capital grants										
Revenue	18,670,000	2,500,000	–	–	1,769,300	1,749,505	–	–	20,439,300	4,249,505
Expenditures (Schedule C)	17,777,867	4,850,393	–	–	2,145,800	2,244,295	–	–	19,923,667	7,094,688
Excess of revenue over expenditures (expenditures over revenue) for the year	892,133	(2,350,393)	–	–	(376,500)	(494,790)	–	–	515,633	(2,845,183)

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Administration

For the year ended March 31, 2008

	2008 $	2007 $
Revenue		
Contributions		
New Brunswick	518,830	485,688
Nova Scotia	646,019	604,752
Prince Edward Island	94,447	88,414
Transfers from operating reserves		
New Brunswick	40,000	40,000
Project revenue	261,099	107,622
	1,560,395	1,326,476
Expenditures		
Salaries and benefits	960,554	911,297
Office rent	109,092	91,511
Professional services	118,641	42,031
Travel		
Board members	14,042	16,536
Other	38,947	28,471
Per diem allowance	4,575	5,025
Special projects (note 3)	210,676	118,259
Office supplies, telephone and postage	32,698	36,043
Office furniture and equipment	17,849	27,262
Publications	3,086	2,686
Other	43,926	46,587
	1,554,086	1,325,708
Excess of revenue over expenditures for the year (note 4)	6,309	768

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Notes to Financial Statements

For the year ended March 31, 2008

1 Significant accounting policies

Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Commission. Since the Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and Prince Edward Island institutions.

Management estimate

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately $85,863 (2007 - $101,156).

Pension Plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the period, the Commission recognized pension expense of $122,386 (2007 - $65,541).

Recently adopted accounting standards

Financial instruments

As required by the Canadian Institute of Chartered Accountants ("CICA"), on April 1, 2007, the Commission adopted CICA Handbook: Section 3251 "Equity"; Section 3855 "Financial Instruments – Recognition and Measurement"; and Section 3861 "Financial Instruments – Disclosure and Presentation". These new standards have been applied retroactively without restatement. No transitional adjustments were recorded because the carrying value of cash, grants receivable, other receivables and accounts payable and accrued liabilities is considered to approximate fair value due to their short-term maturities.

1 Significant accounting policies (continued)

Recently adopted accounting standards (continued)

Accounting changes

On April 1, 2007, the Commission adopted CICA Handbook Section 1506 "Accounting Changes", which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and the correction of errors. This standard did not affect the Commission's financial position or results of operations. This standard also requires the Commission to disclose the impact of adopting new accounting standards.

Future accounting changes

The Accounting Standards Board (AcSB) has issued the following new accounting standards: (i) Section 1535 "Capital Disclosures"; (ii) Section 3862 "Financial Instruments – Disclosures"; and (iii) Section 3863 "Financial Instruments – Presentation" which are applicable to the Commission's 2009 fiscal year. The following provides more information on each of these new accounting standards.

Capital Disclosures

This new standard requires disclosure of the Commission's objectives, policies and processes for managing capital; quantitative data about what the Commission regards as capital; whether the Commission has complied with any capital requirements; and, if the Commission has not complied, the consequences of such non-compliance. The new accounting standard covers disclosure only and will have no effect on the financial results of the Commission.

Financial Instruments – Disclosures and Financial Instruments – Presentation

These new standards replace accounting standard Section 3861 "Financial Instrument – Disclosure and Presentation". Presentation requirements have not changed significantly. Enhanced disclosure is required to assist users of the financial statements in evaluating the significance of financial instruments on the Commission's financial position and performance, including qualitative and quantitative information about the Commission's exposure to risks arising from financial instruments. The new accounting standards cover disclosure only and will have no effect on the financial results of the Commission.

2 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2008 $	2007 $
Government of Canada – contribution to institutions under the Canada/New Brunswick Official Languages in Education Agreement	5,295,487	6,344,954
Government of Canada – contribution program to improve access to health services for official languages minority communities	1,043,917	786,105
Province of Prince Edward Island – rehabilitation program seats	142,500	154,375
Province of Prince Edward Island – Victoria General Hospital	136,303	114,455
Province of Newfoundland and Labrador – rehabilitation program seats	222,000	204,000
	6,840,207	7,603,889

3 Special projects

	2008 $	2007 $
Graduate Follow-up Surveys	54,965	40,932
MPHEC Conference/Workshop/Collaboration	30,779	4,007
Other	124,932	73,320
	210,676	118,259

4 Revenue and expenditures – Administration

The excess of revenue over expenditures for the year for Administration is considered to be part of the Consolidated Fund and, accordingly, has been included in the amount due to the Council of Atlantic Premiers.

5 Commitments

Office facilities

Future minimum annual lease commitments under a long-term lease for office facilities are as follows:

	$
Year ending March 31, 2009	85,173
2010	85,173
2011	85,173
2012	85,173
2013	85,173

Maritime Provinces Higher Education Commission

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2008 **Schedule A**

	2008 $	2007 $
New Brunswick		
Institutions		
Maritime College of Forest Technology	1,890,424	1,825,424
Mount Allison University	9,264,486	9,355,093
St. Thomas University	4,966,511	5,056,718
Université de Moncton	34,610,087	35,131,676
University of New Brunswick	56,626,667	59,001,596
Additional grant to the above universities	110,000,000	68,000,000
University of Prince Edward Island – Atlantic Veterinary College	4,125,680	4,125,680
	221,483,855	182,496,187
Interprovincial transfers		
Université de Sherbrooke	1,776,665	–
Province of Newfoundland and Labrador	950,000	950,000
Province of Nova Scotia	3,526,700	3,712,200
Province of Ontario	12,633	11,633
Province of Québec	5,997,807	6,803,251
	12,263,805	11,477,084
Grants in lieu of Municipal Real Property Taxes	10,465,142	10,022,889
Other	279,713	440,000
	244,492,515	204,436,160
Nova Scotia		
Interprovincial transfers		
Province of Québec	139,137	123,369
Prince Edward Island		
Institutions		
Holland College	12,657,900	11,657,900
University of Prince Edward Island	25,273,772	22,016,771
	37,931,672	33,674,671
Interprovincial transfers		
Province of Nova Scotia	4,147,840	4,303,020
Province of Ontario	5,816	6,816
Province of Québec	27,797	16,879
	4,181,453	4,326,715
	42,113,125	38,001,386
	286,744,777	242,560,915

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Schedule of Restricted Grants Expenditures

For the year ended March 31, 2008 **Schedule B**

	2008 $	2007 $
New Brunswick		
Maritime College of Forest Technology	91,052	–
Mount Allison University	898,460	868,900
St. Thomas University	153,033	665,154
Université de Moncton	1,972,154	2,017,492
University of New Brunswick	3,740,717	3,387,989
Joint Project – Computer Network	1,176,879	782,784
	8,032,295	7,722,319
Prince Edward Island		
Holland College	746,852	384,600
University of Prince Edward Island	384,600	671,014
Joint Project – Computer Network	56,600	72,842
	1,188,052	1,128,456
	9,220,347	8,850,775

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Schedule of Capital Grants Expenditures

For the year ended March 31, 2008 **Schedule C**

	2008 $	2007 $
New Brunswick		
Mount Allison University	1,540,770	563,500
St. Thomas University	1,443,460	500,000
Université de Moncton	5,876,155	2,034,616
University of New Brunswick	8,884,084	1,752,277
Other	33,398	–
	17,777,867	4,850,393
Prince Edward Island		
University of Prince Edward Island	2,145,800	2,244,295
	19,923,667	7,094,688